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FM AMEMBASSY HARARE
TO RUEHC/SECSTATE WASHDC 2488
RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE
RUEHUJA/AMEMBASSY ABUJA 1846
RUEHAR/AMEMBASSY ACCRA 1774
RUEHDS/AMEMBASSY ADDIS ABABA 1900
RUEHRL/AMEMBASSY BERLIN 0483
RUEHBY/AMEMBASSY CANBERRA 1177
RUEHDK/AMEMBASSY DAKAR 1534
RUEHKM/AMEMBASSY KAMPALA 1956
RUEHNR/AMEMBASSY NAIROBI 4385
RHEHAAA/NSC WASHDC
RHMFISS/EUCOM POLAD VAIHINGEN GE
RUEHGV/USMISSION GENEVA 1027
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK
RHEFDIA/DIA WASHDC

UNCLAS SECTION 01 OF 03 HARARE 000133

SIPDIS

AF/S FOR S.HILL
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS
NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN
TREASURY FOR J.RALYEA AND T.RAND
STATE PASS TO USAID FOR L.DOBBS AND E.LOKEN
COMMERCE FOR BECKY ERKUL

SIPDIS

E.O.12958: N/A
TAGS: [PGOV](#) [PREL](#) [ASEC](#) [PHUM](#) [ECON](#) [ZI](#)

SUBJECT: Zim Notes 2-15-2008

¶1. The Embassy Harare Political/Economic Section began producing Zim Notes in July, 2007 to present a perspective on current events in Zimbabwe. Suggestions are always welcome. If you would like to receive Zim Notes by email, as well, please contact Frances Chisholm at chisholmf@state.gov. Distribution is restricted to U.S. government employees.

¶2. Price Movements-Exchange Rate and Selected products
Parallel rate for cash soared to ZW\$8.5million:US\$1; bank transfer rate: Z\$10million; official rate: ZW\$30,000:US\$1
*Sugar shot to Z\$15million/2kg vs. new controlled price of Z\$8million/2kg
*Cooking climbed to Z\$20million/750ml vs. new controlled price of Z\$9.3million/750ml
Petrol rose to Z\$11million/liter and Z\$10 million/liter vs. controlled price of Z\$60,000/liter

On the Political/Social Front

¶1. Simba Makoni Speaks... Simba Makoni on February 13 held a press conference and gave a diplomatic briefing. He stated he would run as an independent candidate (ZANU-PF said his decision had resulted in his automatic expulsion from the party), and that supporters from all parties were welcome to endorse him. Short on specifics, Makoni said he offered reengagement and renewal in a polarized country riven by fear, disease, and poverty. Makoni's presumed principal backers such as Solomon Mujuru have not come out publicly. He insists he has widespread backing throughout the country, although without public polling this is certainly subject to dispute. While most political observers believe a Makoni-Tsvangirai united front would have an excellent chance of defeating Mugabe, there are no signs at present of such an alliance, and the danger exists that Makoni and Tsvangirai could split the opposition vote. See Harare ¶0130.

¶2. Street Protests As Elections Draw Near... About 100 students took to the streets of Bulawayo on February 13 over the high cost and declining quality of education and to demand a free and fair election in March. Four students including the Zimbabwe National Students Union President, Clever Bere, were detained and beaten. Police assaults caused others to seek medical attention. Privilege Mutanga, the Gender and Human Rights Secretary for ZINASU, who is nine months pregnant, suffered a broken hand and a twisted ankle. Members of Women of Zimbabwe Arise (WOZA) also demonstrated in Bulawayo and Harare on February 12 and 13 respectively. The aim of these peaceful protests was to "encourage Zimbabweans to stand up for their children in these times of extreme hardship and as an election looms." Eleven members of WOZA required medical attention for injuries sustained from being beaten by baton sticks.

¶3. Challenges In Registering To Vote... Although the Zimbabwe Electoral Commission (ZEC) extended voter registration from February 7 to February 13, many people, particularly in Harare, have found the process cumbersome and full of hurdles. While evidence is anecdotal, it is sufficient to indicate a pattern. Among Embassy locally employed staff (LES), we've seen cases of names no longer being on the voter rolls and failure on the part of officials to confirm subsequent registration. In another case, names of family members appeared on the rolls although the relatives had not lived in or even visited Zimbabwe in a decade. An Embassy household staff member who was born in Zimbabwe and has voted in previous elections was told in attempting to verify registration that he was not a citizen and could not register to vote without first applying for citizenship because his parents were born in Mozambique.

¶4. Urban Water Woes continue... Although Bulawayo's main supply dam is at 100% and spilling, there remains a shortage of water treatment

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chemicals. Residents are advised to boil tap water, and there is an urgent need for water treatment tablets at the household level. Harare's high-density suburbs of Mabvuku and Tafara have received technical and material support from UNICEF in the form of water deliveries and borehole drilling. UNICEF is also coordinating hygiene promotion, sanitation, and water services to the high-density suburbs of Hopley, Hatcliffe Extension, and Epworth. While the UN reports that cases of diarrhea-related illness remain, at present, stable and manageable, the Herald quotes Ministry of Health officials as reporting 7 deaths from cholera in one district and four in another, all in February.

¶5. US\$5 Million From CERF... The UN's Central Emergency Response Fund allotted US\$5 million to Zimbabwe for under-funded emergencies. Priority projects will be chosen by the Inter-Agency Standing Committee (IASC) Country Team on a biannual basis - at the beginning and middle of each year - and will be selected from the 2008 Consolidated Appeals Process (CAP) activities.

¶6. Regional Flash Appeal For Flood Relief... This week OCHA issued a Southern Africa Regional Preparedness and Response Plan to address flooding in Malawi, Mozambique, Zambia, and Zimbabwe. The total request was US\$89 million, \$15.8 million of which is requested for Zimbabwe, where it is estimated that 15,000 people and 12,000 hectares have been affected since December.

Economic and Business News

¶7. *NIPC Approves Wave Of New Prices... The National Incomes and Pricing Commission (NIPC) gave the green light to increase the prices of numerous commodities dramatically. Mealie meal, for example, went from Z\$189,000 to Z\$19.2 million/10 kg; international phone call charges shot from Z\$67,000 to Z\$1.2 million/minute and local calls went up from Z\$43,000 to Z\$300,000 - still only 14 and 3 US cents respectively at the parallel rate. Responding to Reserve Bank of Zimbabwe (RBZ) Governor Gono's recent advice to confine NIPC activities to the three controlled and 16 monitored products, NIPC chairman Masimirembwa was quoted in the press reminding Gono that Statutory Instrument 142 of 2007 gave the NIPC authority to manage

pricing of every commodity and had been extended to June 30.

¶8. GOZ Releases Official Inflation Figures For December... The year-on-year inflation rate rose to a record 66,212% in December, up from 26,470% the previous month, according to the Central Statistical Office (CSO). Month-on-month inflation nearly doubled to 240% in December from 131% in November, by official reckoning. The CSO uses the controlled prices of goods, regardless of their availability, rather than purchase prices in calculating the consumer price index. More reflective of actual spending, private sector estimates of inflation in January for a broader consumer basket are roughly triple the CSO December figure, with higher school fees being the biggest inflation driver in January.

¶9. RBZ Ups Spending on "Logistical Preparedness" For Elections... The RBZ has increased spending on fuel, motor vehicles, computers, generators, food and other items intended exclusively for the March 29 elections to ensure "preparedness" for the polling day. See Harare 0131.

¶10. And Perhaps Related, Foreign Exchange Woes Worsen... Companies are finding it increasingly difficult, if not impossible, to access foreign exchange held in their own Foreign Currency Accounts (FCA) at the RBZ. Officials at the Confederation of Zimbabwe Industries (CZI) told us the problem had worsened in the last three weeks as the little amount of hard currency available has been diverted, without the companies' permission, to fund other GOZ obligations, leaving companies short of key imported raw materials

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for production.

¶11. In his October 2007 Monetary Policy Statement, RBZ Governor Gono centralized the management of all corporate FCA at the RBZ allegedly as a way of boosting exporter viability and improving the country's accountability for total export and other foreign currency receipts. However, although exports grew in Q4 thanks to concessionary funding, they have not kept pace with the GOZ's increasing demand for foreign exchange associated with the need to import electric power, fuel, raw materials, agricultural chemicals, and other key needs. In typical short-term thinking, the RBZ appears to be "borrowing" from the increasingly strapped corporates to meet its own deepening forex shortfalls.

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